

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

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| _____ |) | |
| Transferring Bound Printed Matter |) | Docket No. MC2021-78 |
| Parcels to the Competitive Product List |) | |
| _____ |) | |

**MOTION OF THE ASSOCIATION FOR POSTAL COMMERCE FOR ISSUANCE OF
INFORMATION REQUEST**

APRIL 13, 2021

Pursuant to 39 CFR §§ 3010.160(a) and 3010.170(e), The Association for Postal Commerce (PostCom) respectfully requests that the Presiding Officer issue an Information Request to obtain additional clarifying data and information from the Postal Service concerning its request to transfer Bound Printed Matter Parcels (BPMP) from the Market Dominant product list to the Competitive product list. The proposed questions seek information that will allow participants to provide more constructive comments and evaluate whether the requested transfer meets the applicable legal and regulatory requirements.

PostCom is concerned that the Postal Service exercises sufficient market power such that it can raise prices for BPMP without risk of losing a significant level of business because there are no other firms offering a comparable product. Further, transfer of BPMP would reduce transparency into Postal Service costs and performance and thwart needed scrutiny over the Postal Service's performance.

The Postal Service argues, prospectively, that the existence of other delivery operators is an adequate check on its market power. The Commission must exert its

regulatory authority to prevent transfers that would expose customers of the Postal Service's market dominant products to excessive price increases or reductions in service quality that reduce the value of the services purchased by captive users of the Postal Service's monopoly products.

Past Postal Service Pricing Behavior May Indicate Undue Use of Market Power

The Postal Service's prospective arguments in support of the transfer should be supplemented by an empirical examination of how the Postal Service has priced products that have been transferred to the competitive products category in the past. Specifically, PostCom seeks to understand whether the Postal Service has been able to raise prices on transferred products by degrees that suggest inordinate market power. Much of the Postal Service's competitive product volume is subject to pricing contracts. Consequently, analysis of changes in published rates may not yield an accurate picture of whether or not the Postal Service has been able to exploit market power to unduly raise rates. To enable a more rigorous examination of USPS pricing practices, PostCom respectfully requests that the Chairman issue the following questions:

1. For the four products cited in the instant request (Request at 1), please provide the following:
 - a. Quarterly revenue per piece by weight increment
 - b. Any analysis of change in USPS market share according to the market definition used to support the transfer request.
2. Please provide, for each of the four parcel products the Postal Service has transferred from the Market Dominant to the Competitive Product list described on Page 1 of the Request, the following information:

- a. The price of the product at the time of the transfer
 - b. Percentage changes in the price of the product, by year, from the time of the transfer to the present.
 - c. The volume of the product entered in the last full fiscal year prior to the transfer request.
 - d. Annual volumes of each product, by fiscal year, from the time of the transfer request to the present.
3. Please provide any analysis of the own-price elasticity of BPMP (or any subcategory of BPMP) used to inform the instant request.
4. Please refer to pages 10-11 of the Request and the statement that “close to two-thirds of the Postal Service’s BPM Parcel volume is at risk for immediate diversion should BPM Parcels see either a significant rate increase or significant degradation in service.”
 - a. Please quantify the term “significant” as used in the phrase “significant rate increase.”
 - i. The Department of Justice’s Horizontal Merger guidelines assess market reactions to a “small but significant” increase in price (SSNIP) and “most often use a SSNIP of five percent of the price paid by customers for the products or services” at issue. U.S. Dep’t of Justice and the Federal Trade Commission, Horizontal Merger Guidelines at 4.12 (August 19, 2010) (“2010 Merger Guidelines”), available at <https://www.justice.gov/atr/horizontal-merger-guidelines->

[08192010#4c](#). Is the “significant rate increase” referenced at page 11 of the Request greater or less than a five percent increase in the BPMP rate?

b. Please provide any quantitative analysis the Postal Service has prepared predicting changes in BPMP volumes in response to a “significant rate increase.”

5. Please refer to page 14 of the Request and the statement, “the market power analysis shows that the Postal Service does not exercise monopoly power over BPM Parcels.”

a. Has the Postal Service performed any quantitative analyses of whether it would lose BPMP volume to competitors if it raised prices on this product? If so, please provide all such analyses.

b. Has the Postal Service performed any analyses comparable to the “Small but Significant Price Increase” or “Hypothetical Monopolist” test described in section 4 of the 2010 Merger Guidelines with respect to BPMP? If so, please provide all such analyses.

PostCom requests that the Presiding Officer require that: (1) the requested information be produced publicly, (2) information generated by spreadsheets be produced in Microsoft Excel or other spreadsheet files, and (3) any formulas embedded in the spreadsheets should be preserved.

Respectfully submitted,

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